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BY EMAIL

June 19, 2020

Ms. Christine Long  
Registrar and Board Secretary  
Ontario Energy Board  
Toronto ON M4P 1E4

Dear Ms. Long

Re: **EB-2019-0261 Hydro Ottawa Limited 2021-2025 Custom Incentive Regulation (Custom IR) / Filing of Expert Evidence of Pacific Economics Group Research LLC**

As documented in a letter filed on the record on April 24, 2020, Ontario Energy Board (OEB) staff has retained Pacific Economics Group Research LLC (PEG) to file expert evidence on total cost benchmarking and Hydro Ottawa's proposed Custom IR plan. In accordance with Procedural Order No. 2 issued on May 29, 2020, please find attached a copy of PEG's evidence, entitled *Custom Incentive Rate Mechanism Design for Hydro Ottawa*. This report is labelled as Exhibit M. A copy of the author's *curriculum vitae* and a signed Form A: Acknowledgement of Expert's Duty form are also enclosed, in accordance with Rule 13A of the OEB's *Rules of Practice and Procedure*.

*Claim for Confidentiality of PEG's working papers*

As the OEB will be aware from experiences with this type of economic productivity and cost benchmarking evidence filed and considered in many cases and consultative processes over the years, the analyses documented in PEG's evidence are the result of sophisticated econometric modelling of extensive data for Ontario and U.S. utilities and other economic, engineering and business environment data. The working papers, consisting of spreadsheet and data base files with the data used in the analyses, program code and other relevant documentation, are not being provided publicly.

OEB staff, working with PEG, is prepared to provide the working papers. However, OEB staff is requesting confidential treatment for the working papers in their entirety, for the following reasons:

- 1) PEG's working papers use, in large part, the similar working papers of Clearspring Energy Advisors LLC (Clearspring), which is Hydro Ottawa's external expert. The OEB has granted confidential treatment of Clearspring's working papers.<sup>1</sup> As Clearspring's working papers have been granted confidential treatment in their entirety, PEG cannot publicly disclose its working papers, which are derived in large part from and contain Clearspring's data, in accordance with PEG's executed Declarations and Undertakings.
- 2) PEG's working papers also contain data and program code that PEG has developed, or that PEG has acquired from commercial third-party vendors. The data and code may be under agreements for public non-disclosure and would have commercial value to economics consultants who are competitors to PEG.
- 3) As the OEB has itself noted in a June 28, 2019 letter in a separate proceeding, "[t]he "working papers" are voluminous spreadsheet and database files of most use to economists and econometricians familiar with these sophisticated models." OEB staff submits that it would be onerous and unhelpful to try to provide redacted public versions of these files.<sup>2</sup>

OEB staff therefore requests confidential treatment of PEG's working papers in their entirety. This would be consistent with the treatment afforded to Clearspring's working papers in this proceeding, and to working papers of PEG and other economic consultants in other cases, most recently for Hydro One SSM<sup>3</sup> and Hydro One Networks transmission,<sup>4</sup> and for Toronto Hydro-Electric System Limited.<sup>5</sup>

OEB staff will provide, as soon as is possible, PEG's working papers to parties' counsel and consultants, where those individuals have executed the OEB's form of Declaration and Undertaking in accordance with the OEB's *Practice Direction on Confidential Filings* and who are requesting this information.

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<sup>1</sup> Procedural Order No. 1 and Decision on Confidentiality, March 31, 2020

<sup>2</sup> EB-2019-0082, OEB letter, June 28, 2019, p. 3

<sup>3</sup> EB-2018-0218, Decision on Confidentiality and Procedural Order No. 2, November 6, 2018 and Decision on Request for Confidential Documents and Procedural Order No. 4, February 15, 2019

<sup>4</sup> EB-2019-0082, Decision on Confidentiality, September 11, 2019, and Decision on Issues List and Confidentiality, September 23, 2019

<sup>5</sup> EB-2018-0165, Decision on Confidentiality and Procedural Order No. 2, November 21, 2018 and Decision on Confidentiality and Procedural Order No. 7, April 1, 2019

Any questions relating to this letter should be directed to myself at keith.ritchie@oeb.ca or at 416-440-8124. The Board's toll-free number is 1-888-632-6273.

Yours truly,

*[Original Signed by]*

Keith C. Ritchie  
Project Advisor – Electricity Rates: Major Rate Applications and Consolidations

Att.

cc: Registered parties to EB-2019-0261